

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Bay State Gas Company

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D.T.E. 06-36

PETITION TO INTERVENE OF DIRECT ENERGY SERVICES, LLC

Pursuant to G.L. c. 30A, § 10, 220 CMR 1.03(1), and the May 1, 2006 Order of Notice, Notice of Filing and Public Hearing issued by the Department of Telecommunications and Energy (“Department”), Direct Energy Services, LLC (“Direct Energy”) hereby petitions to intervene as a party in this docket. In support of its petition, Direct Energy states as follows:

1. Direct Energy is a leading North American retailer of energy and related services. The Company serves over 5 million customers in North America. Direct Energy supplies energy to consumers in Texas, Ohio, Pennsylvania, Michigan, Massachusetts, Rhode Island, and Connecticut and also in the Canadian provinces of Ontario and Alberta. In Texas and Alberta Direct Energy supplies energy on both a regulated and an unregulated basis. Direct Energy provides energy-related services in every province in Canada and in many parts of the United States. In Massachusetts, Direct Energy is a licensed supplier of natural gas and electricity. Direct Energy is currently service commercial and industrial natural gas customers in the service territories of a number of local distribution companies, including Bay State Gas Company (“Bay State”). Direct Energy’s parent company, Centrica plc, has over 33 million customer relationships worldwide. Centrica has a market capitalization of \$17.5 billion and \$22 billion in annual revenues.

2. On May 1, 2006, the Department issued an Order of Notice, Notice of Filing and Public Hearing (“Notice”) regarding a filing by Bay State of a petition seeking approval of a proposal to implement an incremental capacity planning standard for grandfathered customers and approval of related modifications to two Bay State tariffs, M.D.T.E. No. 35, Distribution and Default Service Terms and Conditions, and M.D.T.E. No. 36, Cost of Gas Adjustment Clause (“Petition”).

3. As required by 220 CMR 1.03, Direct Energy will be substantially and specifically affected by the proposed tariff revisions. Direct Energy has grandfathered customers in the Bay State service territory who would be subject to the cost effects of the “incremental planning standard” Bay State proposes for these customers in place of the monitoring program order by the Department in Bay State Gas Company, DTE 02-75. Based on its review of the proposal to date, Direct Energy believes that, unlike a monitoring program as ordered by the Department, the Bay State plan would unfairly and unnecessarily add costs for grandfathered firm transportation customers, with no demonstrable benefits for system reliability generally or those customers specifically. The costs that would result from the Bay State proposal would also be unfairly imposed on the grandfathered customers of all competitive gas suppliers without regard to the actual performance of those suppliers in meeting their supply obligations, or the actual risk of a failure to perform. This makes the proposal little more than a penalty on a group of customers for having chosen to take gas service from the competitive market.

4. Direct Energy has not yet determined the extent of its participation in this docket, but reserves its right to participate fully by attending hearings and technical sessions, presenting evidence, cross-examining witnesses and presenting oral and written argument

if necessary to protect its interests. Direct Energy also encourages the Department to conduct evidentiary hearings in this matter in order to provide a full review of the Bay State proposal, and to give other parties and affected customers the opportunity to address fully the issues raised in this proceeding.

WHEREFORE, for the reasons set forth above, Direct Energy respectfully requests that this Petition to Intervene be granted.

Respectfully submitted,

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Dated: May 16, 2006

Certificate of Service

I hereby certify that a copy of the foregoing document was served by messenger or Federal Express, upon the following on this 16th day of May, 2006:

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